

JOHN A. MACLAREN NEWSPAPER AWARD 1974



JOHN A. MACLAREN
1974 NEWSPAPER AWARD
OVERALL EXCELLENCE OVER 50,000 CIRCULATION
THE VANCOUVER SUN

National Newspaper Award for overall excellence for Newspapers over 50,000 circulation, presented to Publisher Stuart Keate at the 1975 Annual Meeting of the Canadian Newspaper Publishers Association in Toronto.



INDEX

Report to the Shareholders	2
Results at a Glance	3
Balance Sheet	4-5
Statement of Income and Retained Earnings	6
Statement of Changes in Financial Position	7
Notes to Financial Statements and Auditors' Report	8
The Sun in the Community	9
The Year in Pictures	10-11-12

OFFICERS AND DIRECTORS OF THE COMPANY

OFFICERS

Clayton B. Delbridge	Chairman of the Board
Richard S. Malone	President
J. Stuart Keate	Vice-President
William W. Winnett	Secretary-Treasurer
Harry J. Astley	Assistant Secretary

DIRECTORS

Ronald L. Cliff
Lawrence Dampier
✓ Clayton B. Delbridge - <i>Pacific</i>
Bruce Hutchison
✓ Stuart Keate
John MacD. Lecky
✓ Richard S. Malone
Derek A. Price
Bruce L. Rudd
John W. Toogood
F. Cameron Wilkinson

EXECUTIVES OF THE VANCOUVER SUN

Stuart Keate	Publisher
Bruce Hutchison	Editorial Director
Bruce Larsen	Managing Editor
David Ablett	Editorial Page Editor
John W. Toogood	Marketing and Advertising Director
William W. Winnett	Assistant to the Publisher
Donald M. Grieve	Circulation Manager
J. A. McLellan	Promotion Manager

BANKERS

The Bank of Nova Scotia

AUDITORS

Clarkson, Gordon & Co.

SOLICITORS

Farris, Vaughan, Wills & Murphy

TRANSFER AND EXECUTIVE OFFICES

2250 Granville Street
Vancouver, B.C. V6H 3G2



REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

We are pleased to report that the Company has enjoyed another successful year. The net income of the Company for the year ended December 31, 1975 amounted to \$3,785,000, representing an increase of \$46,000 or 1.23%, over the net income earned in 1974.

The income of the Company is derived from two sources, firstly, its 50% shareholding in Pacific Press Limited, which is the proprietor of The Vancouver Sun and The Province newspapers and, secondly, the Investment Portfolio of the Company.

Pacific Press Limited:

Substantial increases in operating expenses, principally wages, newsprint and distribution costs, largely offset gains in revenues, resulting in a small increase in net profits of approximately 1.25%. Gross revenues of Pacific Press climbed 13.3%, due largely to higher advertising rates and lineage and to a lesser extent circulation rate increases. These gains however were substantially offset by a 16.1% increase in operating expenses. Wages and fringe benefits alone were up almost 20% from the previous year. The collective bargaining agreement with the unions expired on October 31, 1975 and current contract talks are presently being conducted under the auspices of a Provincial government mediator.

1975 has been a year of considerable technological and process change for Pacific Press including press conversions, newspaper format alterations, extension of cold type, together with the introduction of plastic pattern plates and the electronic newsroom system. This is an ongoing programme which

will continue through the current year.

Pacific Press Limited will be subject to the controls introduced by the federal government on October 14, 1975, affecting prices, profit margins, employee compensation and shareholder dividends. The effects on Pacific Press of the Anti-Inflation Act and Regulations are not yet clear owing to uncertainties as to interpretation and the need to develop appropriate data from the Company's records.

The Vancouver Sun:

The Company publishes The Vancouver Sun for Pacific Press Limited, which Company employs substantially all the personnel involved in the publication, pays all expenses and receives all revenues in respect to The Vancouver Sun.

Advertising lineage totalled 50,146,824 lines, representing an increase of 2.5% over 1974. While circulation revenues were up over the previous year, newspaper sales were down about 4.8%, due largely to the increase in the price of the newspaper and to a lesser extent the impact of the postal strike in the latter part of the year.

Investment Portfolio:

The earnings of the Company on interest and dividend income from its investment portfolio were up about 2%, while further gains were also realized from the sale of securities.

The book value of the portfolio at December 31, 1975 was \$21,403,385, of which \$2,608,964 is designated as long-term, representing an increase of approximately \$69,309 over the book value at December 31, 1974.

The market value of the portfolio at December 31, 1975 was \$20,189,733, of which \$2,010,361 is designated as long-term.

On January 2, 1976 the Company received both the regular fourth quarter dividend as well as a special dividend from Pacific Press totalling \$1,456,000 which was invested in short-term interest bearing securities, thereby increasing the value of the portfolio accordingly.

Dividends:

Dividends of \$2.36 on the "A" shares and \$2.26 on the "B" shares were declared by the directors in 1975, representing an increase of 13¢ per share over 1974.

Under the provisions of the Anti-Inflation Act, dividends to the Company's common shareholders during the year ending October 13, 1976 may not exceed the current annual rate.

Personnel:

The Directors would like to take this opportunity to express their warm appreciation to Cliff MacKay, Editorial Page Editor, who retired during the past year after almost 47 years of service. Mr. MacKay has been replaced by David Ablett, formerly The Sun's Ottawa bureau chief.

The Directors also take this opportunity of expressing their sincere appreciation to the members of the staff of The Vancouver Sun for their efforts in maintaining the growth of the newspaper and thereby contributing substantially to the success of the Company during the past year.

On behalf of the Board,
C.B. Delbridge,
Chairman.

Sun Publishing Company Limited and Subsidiary Company

RESULTS AT A GLANCE

	For the year ended December 31	
	1975	1974
Income before Gain (Loss) on sale of securities	\$ 4,092,705	\$ 4,087,898
Provision for Income Taxes	329,200	288,652
Net Operating Income	\$ 3,763,505	\$ 3,799,246
Gain (Loss) on sale of securities (net) (Before income taxes on capital gains)	21,159	(60,150)
Net Income	\$ 3,784,664	\$ 3,739,096
Income per share:		
"A" shares - on net operating income	\$ 5.07	\$ 5.12
- on gain (loss) on sale of securities (before income taxes on capital gains)	.03	(.08)
	\$ 5.10	\$ 5.04
"B" shares - on net operating income	\$ 4.97	\$ 5.02
- on gain (loss) on sale of securities (before income taxes on capital gains)	.03	(.08)
	\$ 5.00	\$ 4.94
Number of shareholders at year-end	671	696
Shareholders total investment (book value)	\$31,295,229	\$29,243,065
Shares of common stock outstanding	750,000	750,000
Book value per share of common stock	\$ 41.73	\$ 38.99
The Vancouver Sun:		
Advertising lineage	50,146,824	48,914,026
Circulation for period - October - December	236,199	246,204
Newsprint consumed - Tons	41,506	46,573
- Value	\$11,208,403	\$ 9,720,696
Valuation Day Value:		
December 22, 1971		
"A" Shares	\$34.75	
"B" Shares	\$33.00	



CONSOLIDATED BALANCE SHEET

ASSETS

Current Assets:

	December 31	
	1975	1974
Cash	\$ 14,092	\$ 14,423
Marketable securities, at cost (market - December 31, 1975 - \$18,179,372; December 31, 1974 - \$16,996,348)	18,794,421	18,725,112
Accrued investment income receivable	253,106	282,756
Dividend receivable - Pacific Press Limited	1,456,000	
Total current assets	<u>20,517,619</u>	<u>19,022,291</u>

Long-term investments and other assets:

Pacific Press Limited (note 1) - Demand debenture 800,000 common shares	2,250,000 5,791,395	2,250,000 5,046,905
Marketable securities, at cost (market value \$2,010,361; 1974 - \$2,107,960)	2,608,964	2,608,964
	<u>10,650,359</u>	<u>9,905,869</u>
California properties, at cost	602,356	796,381
Notes receivable	194,500	100,000
	<u>796,856</u>	<u>896,381</u>
	<u>\$31,964,834</u>	<u>\$29,824,541</u>

(See accompanying notes)

On behalf of the Board:

R.S. MALONE — Director
STUART KEATE — Director

Sun Publishing Company Limited and Subsidiary Company

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31	
	1975	1974
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 39,199	\$ 73,810
Dividends payable	433,125	433,125
Income taxes payable	197,281	74,541
Total current liabilities	669,605	581,476
Shareholders' equity:		
Capital stock -		
Authorized:		
2,500,000 redeemable preference shares of \$1 each		
500,000 cumulative participating Class "A" common shares without nominal or par value, entitled to minimum preferential cash dividends of 50 cents per annum		
500,000 Class "B" common shares without nominal or par value		
Issued and outstanding:		
375,000 Class "A" shares	375,000	375,000
375,000 Class "B" shares	375,000	375,000
	750,000	750,000
Retained earnings (statement 2)	30,545,229	28,493,065
	31,295,229	29,243,065
	\$31,964,834	\$29,824,541

(See accompanying notes)



CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

Year ended December 31,

	<u>1975</u>	<u>1974</u>
Revenue:		
Income from Pacific Press Limited		
Equity in net earnings for 1975 of which		
\$2,248,000 (1974 - \$2,248,000) was		
received by way of dividends (note 1)	\$ 2,992,490	\$ 2,955,740
Dividend and interest income	1,297,170	1,272,398
Gain (loss) on sale of securities	21,159	(60,150)
	<u>4,310,819</u>	<u>4,167,988</u>
Expenses:		
Administrative expenses	106,995	93,193
Loss on California properties	89,960	47,047
	<u>196,955</u>	<u>140,240</u>
	4,113,864	4,027,748
Income taxes:	329,200	288,652
	<u>3,784,664</u>	<u>3,739,096</u>
Net income (note 2)	28,493,065	26,388,969
Retained earnings, beginning of year	<u>32,277,729</u>	<u>30,128,065</u>
Dividends:		
Class "A" shares - \$2.36 per share (1974 - \$2.23)	885,000	836,250
Class "B" shares - \$2.26 per share (1974 - \$2.13)	847,500	798,750
	<u>1,732,500</u>	<u>1,635,000</u>
Retained earnings, end of year	<u><u>\$30,545,229</u></u>	<u><u>\$28,493,065</u></u>

(See accompanying notes)

Sun Publishing Company Limited and Subsidiary Company

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended December 31,	
	<u>1975</u>	<u>1974</u>
Source of funds:		
Operations -		
Net income for the year	\$ 3,784,664	\$ 3,739,096
Credits to income not resulting in a receipt of funds:		
Portion of net earnings in Pacific Press Limited which was not distributed by way of dividends (note 1)	744,490	707,740
	<u>3,040,174</u>	<u>3,031,356</u>
Decrease in investment in California properties	99,525	36,455
Redemption of Pacific Press Limited demand debentures		250,000
	<u>3,139,699</u>	<u>3,317,811</u>
Application of funds:		
Dividends	1,732,500	1,635,000
Increase in long-term investment in marketable securities		219,116
	<u>1,732,500</u>	<u>1,854,116</u>
Increase in working capital	<u>1,407,199</u>	<u>1,463,695</u>
Working capital, beginning of year	<u>18,440,815</u>	<u>16,977,120</u>
Working capital, end of year	<u><u>\$19,848,014</u></u>	<u><u>\$18,440,815</u></u>
Represented by:		
Current assets	\$20,517,619	\$19,022,291
Less current liabilities	669,605	581,476
Working capital, end of year	<u><u>\$19,848,014</u></u>	<u><u>\$18,440,815</u></u>

(See accompanying notes)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1975

1. Accounting policies:

The following is a summary of significant accounting policies used in the preparation of these financial statements. It is the company's policy to follow generally accepted accounting principles and to apply these principles on a consistent basis.

(a) Principles of consolidation:

The accompanying financial statements consolidate the accounts of Sun Publishing Company Limited and its wholly-owned subsidiary, Hornby Corporation.

(b) Marketable securities:

Marketable securities are valued at moving average cost.

(c) Investment in Pacific Press Limited:

Sun Publishing Company Limited holds 50% of the issued shares of Pacific Press Limited, a company which acquired the newspapers "The Vancouver Sun" and "The Province". The company publishes "The Vancouver Sun" for Pacific Press Limited.

Commencing January 1, 1976 the demand debenture of \$2,250,000 bears interest at the current bank prime rate (9 3/4% on January 1, 1976) plus 1%.

The company's investment in Pacific Press Limited is recorded by the equity method, whereby the carrying value reflects the original cost of \$800,000 for its holding of common shares and its share in the undistributed earnings of Pacific Press Limited since

acquisition. At December 31, 1975 the company's share in the undistributed earnings of Pacific Press Limited amounted to \$4,991,395.

2. Earnings per share:

Earnings per Class "A" share were \$5.10 in 1975 (\$5.04 in 1974) and earnings per Class "B" share were \$5.00 in 1975 (\$4.94 in 1974). Earnings per share for both classes of common shares are calculated in a manner which recognizes the differential in their rights to dividends.

3. Remuneration of directors and senior officers:

Remuneration of directors and senior officers amounted to \$60,220 for the year ended December 31, 1975.

4. Anti-Inflation Guidelines:

Under federal government anti-inflation legislation the company is subject to compliance with controls on dividends. The company is restricted on the payment of dividends to an amount which may not exceed the current annual rate.

AUDITORS' REPORT

To the Shareholders of
Sun Publishing Company Limited:

We have examined the consolidated balance sheet of Sun Publishing Company Limited as at December 31, 1975 and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. For Sun Publishing Company Limited, our examination of the financial statements of the company included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. For other companies consolidated or accounted for by the equity method we have relied on the reports of the auditors who have examined their financial statements.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1975 and the results of their operations and the changes in their financial positions for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CLARKSON, GORDON & CO.

Chartered Accountants

Vancouver, Canada,

March 1, 1976.

THE VANCOUVER SUN IN THE COMMUNITY

The dramatic overturn of the socialist NDP government in British Columbia provided one of the major news stories of the year. Sun reporters and political analysts examined the "why" of the story in great depth, and were praised for both the style and content of their work. We were gratified that all four parties thanked The Sun for fair coverage.

Strikes, inflation, and government controls leading to the appointment of an Anti-Inflation Board dominated the news during 1975, and promised to be of ongoing concern. The 43-day mail strike provided a fascinating string of stories — and incidentally tested the ingenuity of editors in a business which depends so strongly on fast communications.

In April, The Sun received a signal honor when it won two MacLaren Awards, pictures of which are contained elsewhere in this report. The first award was for over-all excellence of appearance among major dailies in Canada; the second was for best-looking sports page. It followed on Sun's conversion to a nine-column format, a change which was smoothly introduced by a talented team of editors and makeup men.

As an off-beat summer feature, The Sun sponsored a project originating with three UBC professors, in which they retraced the route followed by Sir Alexander MacKenzie in transversing British Columbia in 1792. Tim Padmore wrote the month-long series, which attracted wide reader interest and was praised for both editorial and pictorial content.

The Sun published digests of three important books in 1975. With the co-operation of its sister paper, the Toronto Globe and Mail, The Sun acquired West Coast rights to a significant book on inflation by the London editor, William Rees-Mogg. It also provided condensation of John Diefenbaker's Memoirs and J.W. Pickersgill's account of his years with former prime minister Louis S. St. Laurent.

Sports columnist James Kearney was honored with a National Newspaper Award. The year also saw the introduction of a new humor column by Mac Reynolds, former editorialist, and a shift by drama critic Christopher Dafoe to a "second front" column on the second front section. In June, Lisa Hobbs became the first woman to join The Sun's editorial board, contributing both editorials and background articles, mainly in the field of sociology. Appointed editor of the editorial pages was David Ablett, who returned to Vancouver to succeed Cliff MacKay after service in Sun bureaus in Washington and Ottawa.

The fate of the MacKenzie Valley pipeline, under study at Yellowknife by Mr. Justice Tom Berger, was closely watched by reporter Ron Rose and columnist Allan Fotheringham. Indian problems, many of them involving land claims, were the subject of in-depth studies by Rose and Moira Farrow, who also marked the year by publishing a book on pioneers of the British Columbia hinterland.

In the newsroom, the conversion to an electronic operation continued slowly, with

many "crashes" of the system. Dave Driver and Jack Wallace provided yeoman service in the often-frustrating development. The Leisure and Today sections of the paper, as well as the editorial pages, are now produced in the cold-type method.

Sun financial coverage continued to expand under editor George Froehlich. Many human-interest stories involving market personalities received good reader acceptance. A series by Mike Grenby, using identified married couples to illustrate how they could best invest their resources, resulted from a study by money-managers. The letter response to this series was gratifying.

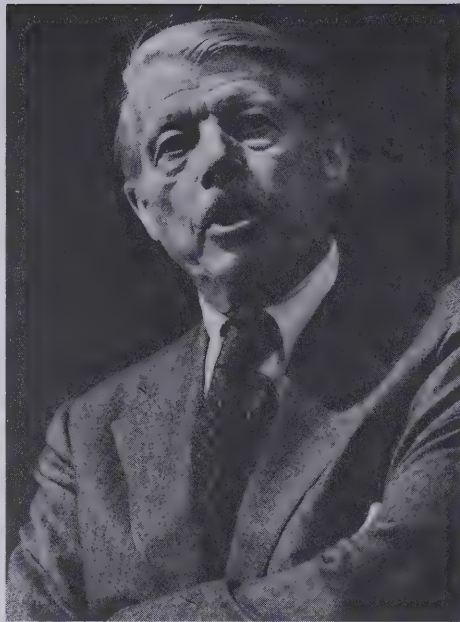
The Sun continued to take an active role in many community endeavors. Among the highlights:

- In co-operation with the B.C. and Yukon division of the Canadian Cancer Society, a free Cancer Forum was staged in the Queen Elizabeth theatre. This event attracted 2400 women.
- Internationally-known syndicate columnist Ann Landers spoke under Sun sponsorship at the Queen Elizabeth theatre, delighting a near-capacity audience.
- The 36th Annual Sun Free Salmon Derby continued to be one of the most popular "family days" in the lower mainland. An estimated 13,500 fishermen and a large number of spectators



participated in the Horseshoe Bay event.

- In October, The Sun joined with three Indianapolis Speedway drivers to conduct a Highway Safety program in 22 high schools (including three in Prince George). Simultaneously, The Sun's popular booklet "You and the Traffic" was distributed to all students.
- In November, a two-day Newspaper in Education Seminar was held for more than 100 teachers in the Greater Vancouver area. Dianne MacLean of CDNPA came from Toronto to attend and give lectures.
- During the year, more than 5,000 students were taken on tours of The Sun premises.
- Audiences totalling some 28,000 attended The Sun's "Family Pops" concerts, staged at the Queen Elizabeth theatre in co-operation with the Vancouver Symphony Society. These have become a highlight of the Christmas season in Vancouver.
- Corporate donations totalling \$48,561 were made during the year to various civic charities, the largest donation (\$26,000) going to the United Way. Strong editorial support of this annual campaign was provided.
- In 1975, The Sun joined with the Salvation Army's Christmas Cheer fund, in its annual appeal to readers. The campaign lasted just over a month and raised over \$92,000. The "Sally Ann", in a subsequent letter of appreciation, thanked The Sun not only for its dollar contribution but for publicity which illuminated the nature of its work.



1



2



3

4





1. Famed N.Y. Times editor Harrison Salisbury spoke to Vancouver Institute at UBC as feature of Sun's annual Lectureship program.
2. Nationally syndicated columnist Ann Landers sponsored by The Sun speaks to 2400 at The Queen Elizabeth theatre.
3. More than 5000 students toured The Sun during 1975.
4. Top winners at the 36th annual world famous Sun Free Salmon Derby.
5. Cartoonist Len Norris is congratulated by Sun Publisher Stuart Keate for 25 years at The Sun.
6. Sun Publisher Stuart Keate presents cheque to Gerald H.D. Hobbs (right) Chairman, Greater Vancouver Advisory Board of Salvation Army, with Lt. Col. Harold Sharp, Divisional Commander B.C. South. Donations to Sun's Christmas Fund exceeded \$92,900.
7. Bob McGrath of Sesame Street, entertains packed house at one of The Sun's Family "Pop" Christmas Concerts.
8. 1975 expedition retracing Alexander MacKenzie's route to the Pacific was sponsored and fully covered by The Sun.



5



6



7



8



A.

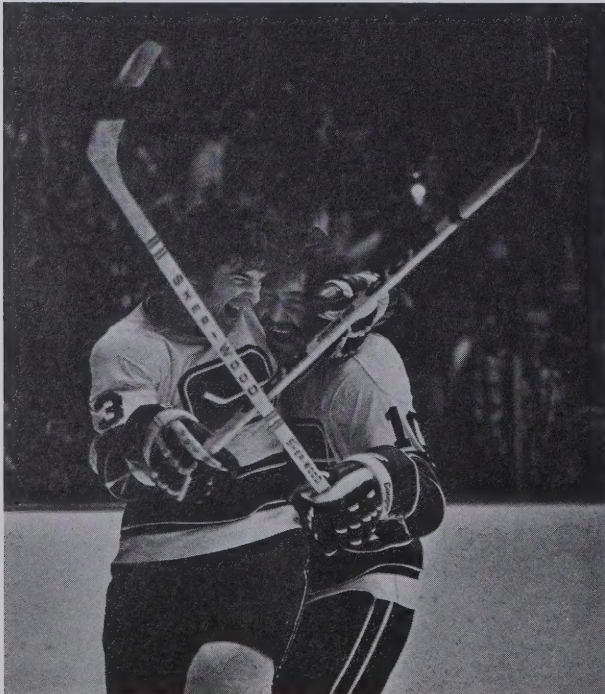


C.

A FEW OF THE SUN'S 1975 AWARD WINNERS

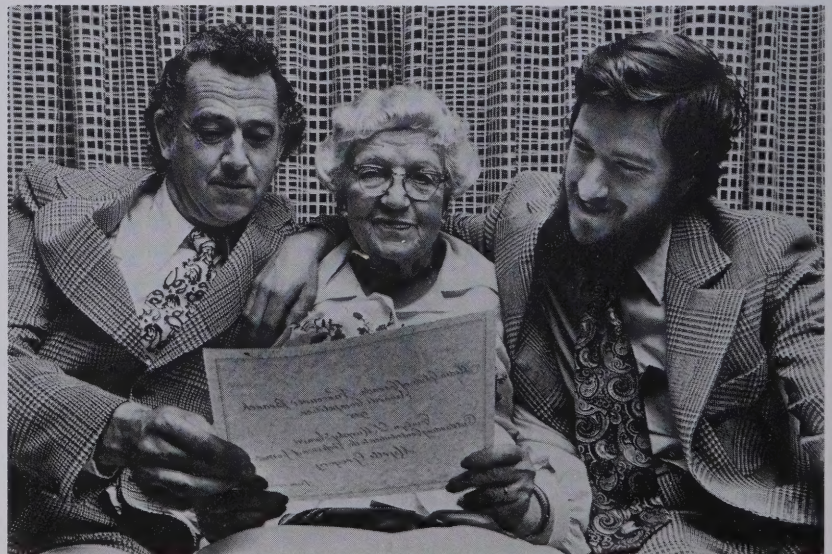
- A. Brian Kent won February Canadian Press feature photo of month in February for this one - point landing depicting the fun of sledding.
- B. National Press Photographers Association gave an award to Glenn Baglo for the picture showing two members of Vancouver Canucks celebrating goal which secured their first place finish in Division Two of N.H.L. (April 1975).
- C. Dismantling of billboard immediately following defeat of Premier David Barrett and his government won for Ralph Bower The Canadian Press Award for December feature photo of the month - "A Premier Gagged".
- D. Co-operative effort enables father and daughter to stay dry and at the same time raise money for Kidney Foundation of Canada in Cyclothon - C.P. Award for September, 1975 - Ken Oakes photographer.
- E. Ralph Bower, Myrtle Gregory and Tim Padmore win Media Club Awards in June, 1975.

B.



D.

E.





JOHN A. MACLAREN
1974 NEWSPAPER AWARD
SPORTS PAGE OVER 50,000 CIRCULATION
THE VANCOUVER SUN

National Newspaper Award for the best Sports page for Newspapers over 50,000 circulation, presented to Publisher Stuart Keate at the 1975 Annual Meeting of the Canadian Newspaper Publishers Association in Toronto.

00225
RE VANCOUVER SUN

Mac REYNOLDS

Christopher DAFOE

Lee STRAIGHT

"I hope you're not
river," he said, "tu
lers onto it."

To which I was
 port I'd had no gl
 a handsome stream
 but it lacks one ch
 That is, ho

Jim KE